REMARKS

Overview

     Claims 46, 47, 50-52, 63, 65-72, 76-80, 84, and 88-91 are pending in the present application. Claims 53-54. 64, 73-75, 81, and 85-87 have been cancelled. Claims 46, 65, and 66 have been amended. Claim 91 is new. The Office Action mailed November 4, 2009 has been carefully reviewed. The Examiner is thanked for her Response to Arguments section which has helped in understanding the Office Action. The present response is an earnest effort to place all claims in proper form for immediate allowance. Reconsideration and passage to issuance is therefore respectfully requested.

Claim Rejections Under 35 U.S.C. § 101

     Claims 46, 47, 50-54, 63-72, 74-82, and 84 are rejected under 35 U.S.C. § 101. Based on Supreme Court precedent and recent Federal Circuit decisions, the Office's guidance to examiners is that a § 101 process must (1) be tied to a machine or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. In re Bilski, 88 USPQ2d 1385 CAFC (2008); Diamond v. Diehr, 450 U.S. 175, 184 (1981); Parker v. Flook, 437 U.S. 584, 588 n.9 (1978); Gottschalk v. Benson, 409 U.S. 63, 70 (1972); Cochrane v. Deener, 94 U.S. 780, 787-88 (1876).

     Although it is respectfully submitted that In re Bilski is inconsistent with Supreme Court precedent (especially in view of the Patent Office's interpretation thereof), even under In re Bilski the claims are directed towards patent eligible subject matter.

     In review of the Office Action, there are several clear errors in the standard applied by the Examiner. For example, on p. 5, numbered paragraph 20, the Examiner indicates that "To

overcome this rejection, all steps that are relevant to the invention must be performed by a computer or processor." Such a statement is not supported by the law. First, <u>Bilski</u> does not require all steps be performed by a machine. Instead, it is sufficient that the process be "tied" to a machine. Second, <u>Bilski</u> does not require any step be performed by a computer or processor. To be sure, computers and processors are examples of machines, but they certainly are not the only examples of machines. Certainly, the Supreme Court did not require the method of <u>Cochrane v. Deener</u>, 94 U.S. 780 (1876) (cited by the Examiner) to be performed by a computer or processor.

Moreover, <u>Cochrane v. Deener</u>, 94 U.S. 780 (1876) cited by the Examiner states in part "That a process may be patentable, irrespective of the particular form of the instrumentalities used, cannot be in dispute. If one of the steps of a process be that a certain substance is to be reduced to a powder, it may not be at all material what instrument or machinery is used to effect that object, whether a hammer, a pestle and mortar, or a mill." Thus, clearly there is no requirement that all steps be performed by a machine. The requirement of <u>Bilski</u> that the method be <u>tied</u> to a machine does not necessarily require that a machine be used to perform any of the steps, let alone all of the steps.

Another clear error in the Examiner's analysis is found on page 4, numbered paragraph 18 of the Office Action where the Examiner states "Here, Applicant's method steps fail the first prong of the new Federal Circuit decision since they are not tied to a machine and can be performed without the use of a particular machine. Thus, the claims are non-statutory since they may be performed within the human mind." Such a characterization of Applicant's claims is incorrect since each of these claims includes a machine and includes one or more steps that can not be performed with the human mind.

Therefore, the Examiner is asked to reconsider the rejections under 35 U.S.C. § 101 and withdraw these rejections. The Examiner is also reminded that *In re Bilski* specifically cautioned "Neither the PTO nor the courts may pay short shrift to the machine-or-transformation test by using purported equivalents or shortcuts..." Therefore, the Examiner is asked to review the rejections and withdraw them.

Moreover, it is further submitted that the rejections under 35 U.S.C. § 101 are moot in view of the amendments to the claims.

With respect to independent claim 46, claim 46 now recites "A method for verifying compliance with a finance agreement between a first party and a second party, the finance agreement associated with an asset wherein the first party provides asset financing and the second party is permitted to sell the asset associated with the finance agreement, the method comprising: affixing a self-destructing identification tag to an asset associated with a finance agreement; notifying the second party to perform a self-audit of the asset, where the notifying is performed by fax, e-mail, instant message, phone, or pager; the second party reading said self-destructing identification tag using a machine configured to read said self-destructing identification tag; the second party sending audit information based on the encrypted data to the first party, where the sending performed by voice, fax, e-mail, or instant message; evaluating the audit information to determine if the second party is complying or not complying with the finance agreement based on the audit information; and wherein the step of evaluating the self-audit information being performed by a computer programmed to evaluate the self-audit information and determine if the second party is complying or not complying with the finance agreement based on the audit information."

Note that support for the tag being "self-destructing" is found at least at paragraph [0103] (stating "... tag 100 may be made from self-destructing materials."). Support for the notifying being performed by "fax, email, instant message, phone, or pager" is found at least at paragraph [0122].

Applying the machine or transformation test of Bilski to claim 46, it is clear that the test is met. In particular, note that examples of machines present in claim 46 include "a self-destructing identification tag", as well as a "machine configured to read said self-destructing identification tag" (thus, a particular machine), and also a "computer programmed to evaluate the self-audit information and determine if the second party is complying or not complying with the finance agreement based on the audit information" (another example of a particular machine). Thus, claim 46 is clearly tied to a machine, in fact, there are multiple ties to machines present in claim 46. Of course, claim 46 is not an abstract method which can be performed in an individual's mind as claim 46 includes using both a machine configured to read identification tags as well as a programmed computer. Therefore, the rejection to claim 46 must be withdrawn. As claims 47, 50, 51, 52, 63, and 84 depend from claim 46, it is respectfully submitted that these rejections also be withdrawn. It is further noted that claims 53-54 were previously cancelled and therefore those rejections are moot.

With respect to claim 65, claim 65 now recites in part "initiating the self-audit by requesting audit information, the audit information obtained by reading encrypted data from at least one identification tag secured to an asset, the encrypted data associated with the asset; receiving the audit information; and evaluating the audit information by a computer programmed to evaluate the audit information to determine if each of the at least one identification tag secured

to the asset has been read after requesting the audit information to thereby determine compliance or non-compliance with the agreement."

Note that claim 65 clearly meets the machine or transformation test. In claim 65, there "at least one identification tag secured to an asset" as well as "a computer programmed to evaluate the audit information." Both the identification tag as well as the programmed computer are examples of machines. Claim 65 is not an abstract method which can be performed in an individual's mind as one cannot evaluate the audit information by a programmed computer in one's mind. Therefore, the rejection to claim 65 must be withdrawn. As claims 77-80 depend from claim 65, these rejections should also be withdrawn.

Claim 66 now recites in part " attaching at least identification tag containing encrypted data to an asset; initiating the self-audit by requesting audit information obtained by an electronic reading by a machine of the at least one identification tag containing data associated with the asset and combining the data associated with the asset with data associated with the self-audit; receiving the audit information; and using a computer programmed to evaluate the audit information to evaluate the audit information and to determine if each of the at least one identification tag has been read after initiating the self-audit to thereby determine compliance or non-compliance with the agreement."

Note that claim 66 clearly meets the machine or transformation test. In claim 66, there is "at least one identification tag" as well as "a computer programmed to evaluate the audit information." Both the identification tag as well as the programmed computer are examples of machines. Claim 66 is not an abstract method which can be performed in an individual's mind as one cannot evaluate the audit information by a programmed computer in one's mind. Therefore,

the rejection to claim 66 must be withdrawn. As claims 67-72 and 76 depend from claim 66, these rejections should also be withdrawn.

Claim Rejections Under 35 U.S.C. § 103

I.   Claims 45, 47, 50, 51, and 63

Claims 46, 47, 50, 51 and 63 are rejected under 35 U.S.C. § 103(a) as being unpatentable over Carmichael in view of Mercer et al. (U.S. Pub. No. 2004/0088228) and further in view of Capazario et al. (U.S. Pub. No. 2003/0154141) and further in view of Rudolph et al. (U.S. Pub. No. 2002/0005774). These rejections are respectfully traversed. First, one skilled in the art would not have combined the references in the manner alleged by the Examiner, and the reasons relied upon by the Examiner undermine a finding of obviousness. Second, the Examiner relies upon improper hindsight reconstruction. Third, there are elements of the claims that are not found in any of the references (alone or in combination).

A.   One skilled in the art would not have combined the references in the manner alleged by the Examiner, and the reasons relied upon by the Examiner undermine a finding of obviousness

The stated reasons to combine these references is that:

- "It would have been prima facie obvious to one or ordinary skill in the art at the time of the invention to incorporate Mercer's method of using RFID tags to track vehicles with Carmichael's method of floor plan financing. One of ordinary skill in the art would have been motivated to incorporate this feature for the purpose of making it easier and more efficient for lenders in floor plan financing to determine whether a vehicle has been removed from the dealership of the borrower. If a vehicle has been removed from a

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dealership, then that signifies that the vehicle has been sold and a payment is due to the lender." (Office Action, p. 7).

- "It would have been prima facie obvious to one of ordinary skill in the art at the time of the invention to incorporate Capazario's method of self-auditing with Carmichael's method of floor plan financing. One of ordinary skill in the art would have been motivated to incorporate this feature for the purpose of increasing efficiency and decreasing expenses for the first party by receiving audit information from the second party as opposed to using its own resources to gather the audit information." (Office Action, p. 7).

- "It would have been prima facie obvious to one of ordinary skill in the art at the time of the invention to incorporate Capazario's method of using encryption with an RFID tag with Carmichael's method of floor plan financing. One of ordinary skill in the art would have been motivated to incorporate this feature for the purpose of making the data more secure." (Office Action, p. 7).

- "It would be obvious to substitute Carmichael's method of having a finance company physically go to the dealer location and audit the vehicles with Mercer's method of electronically determining which cars are located on the dealer's lot and Capazario's method of self-auditing in order to 'more quickly, accurately, and efficiently label, identify, track and inventory new and previously-owned vehicles on an auto dealer's lot' (see Paragraph 0009 of Mercer). By allowing a dealer to self-audit the lender does not have to physically visit the dealer. But, the lender can also be assured that the self-audit is accurate because the vehicles would contain RFID tags that would track the vehicles. Additionally, it would be obvious to combine these references because of the rationale in

KSR of simple substitution of one known element for another to obtain predictable

results. Carmichael's method of having a finance company visit the dealer to audit the

vehicle can be substituted with Mercer's method of electronically tracking vehicles in

order to obtain the same result which is to assist a finance company in determining

whether a dealer is complying with an agreement." (Office Action, pp. 4-5).

It is respectfully submitted that these alleged reasons to combine these reference are

inconsistent with the references when taken together as a whole. In particular, the very reasons

given by the Examiner do not support a case of obviousness but rather further evidence

nonobviousness. "An inference of nonobviousness is especially strong where the prior art's

teachings undermine the very reason being proffered as to why a person of ordinary skill would

have combined the known elements." *Depuy Spine, Inc. v. Medtronic Sofamor Danek, Inc.*, 567

F.3d 1314, 1326 (Fed. Cir. 2009). That is exactly the case here. Here, Carmichael teaches that

the finance company representative checks the dealer's "floor" every thirty days to determine

what merchandise has been sold, and if a floorplan dealer is "out of trust", the floorplan dealer

must immediately give the finance company representative a check for the amount due on the

sold merchandise. This is directly contrary to the Examiner's alleged reason to combine of

"increasing efficiency and decreasing expenses for the first party by receiving audit information

from the second party as opposed to using its own resources to gather the audit information."

Using the finance company's representative is inefficient, but effective in saving the finance

company the risks of bad debt, which is the primary concern of the finance company. Providing

Mercer's inventory report to the finance company (bear in mind Mercer does not even teach such

as use of the inventory report) would be efficient for the finance company, but ineffective in

saving the finance company the risks of bad debt because the finance company would have no way of knowing if the report was accurate or not.

It is further submitted that taking Carmichael's method of having a finance company visit the dealer to audit the vehicles and substituting Mercer's method of electronically tracking vehicles is not a simple substitution, because making this substitution makes the process of Carmichael inoperative for its intended purpose. The reason a finance company visits the dealer is to verify what vehicles are on the lot to prevent losses. Substituting Mercer's method of generating an inventory report and then giving the inventory report to the finance company does not actually verify what vehicles are on the lot because the inventory report given to the finance company would not need to accurately reflect what vehicles are on the lot. Because a finance company would not be able to rely on Mercer's method, it can not be considered a simple substitution.

B.   The Examiner improperly applies hindsight reconstruction of references based on Applicant's disclosure

Neither Carmichael, nor Mercer, nor Capazario (alone or in combination) recognize that identification tags may be used in the claimed manner for the benefit of the finance company. Thus, it is apparent that the Examiner's alleged combination of references is merely hindsight reconstruction.

The fact that the Examiner is using impermissible hindsight is apparent. For example, the Examiner states "This method of identifying vehicles on the lot <u>would provide confidence to the finance company</u> because it can be assured that if a tag is read, the vehicle is located on the lot." (Office Action, p. 4, emphasis added). Also the Examiner states "This report <u>could be provided</u>

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to the finance company so that it can determine whether the dealer is complying with the agreement." (Office Action, p. 4, emphasis added). Such statements, make clear that the Examiner is not relying upon the references available to one skilled in the art and what they teach one skilled in the art, but rather is improperly attempting to reconstruct the claimed invention in hindsight and attempting to fill in missing pieces by turning to Applicant's disclosure. Moreover, these statements which the Examiner is attempting to rely upon in order to shore up the rejection are not even logical. The whole thrust of Carmichael, is that finance companies can not necessarily trust those who they finance. Thus, why should a finance company trust a report from a dealer? Thus, one skilled in the art would not be led to combine Carmichael with Mercer or Capazario with Mercer, because doing so would still fail to solve the basic problem, and the alleged rationale of the Examiner is fraught with hindsight reconstruction.

C. Claim 46 recites a step not taught by any of the cited references (alone or in combination)

Claim 46 now recites "wherein the step of evaluating the self-audit information being performed by a computer programmed to evaluate the self-audit information and determine if the second party is complying or not complying with the finance agreement based on the audit information." It is respectfully submitted that neither Carmichael nor Mercer et al. nor Capazario et al. nor Rudolph et al. either alone or in combination teach such an element. Therefore, it is respectfully submitted that this rejection to claim 46 should be withdrawn for this additional reason. As claims 47, 50, 51 and 63 depend from claim 46, these rejections should also be withdrawn.

Therefore, the rejection to claim 46 must be withdrawn. As claims 47, 50, 51 and 63 depend from claim 46, these rejections must also be withdrawn.

II.   Claim 52

Claim 52 is rejected under 35 U.S.C. § 103(a) as being unpatentable over Carmichael, 1992 in view of Mercer et al., U.S. Pub. No. 2004/0088228) and further in view of Capazario et al. (U.S. Pub. No. 2003/0154141) and further in view of Rudolph et al. (U.S. Pub. No. 2002/0005774) and further in view of Hull et al. (U.S. Pub. No. 2004/0041707). Claim 52 depends from claim 46. The combination of Carmichael, Mercer et al., and Capazario et al. is deficient at least for the reasons expressed with respect to claim 46. Neither Rudolph et al. nor Hull et al. remedy these deficiencies. Therefore, it is respectfully submitted that this rejection must also be withdrawn.

III.   Claims 53, 54, and 64

Claims 53, 54 and 64 are rejected under 35 U.S.C. § 103(a) as being unpatentable over Carmichael, 1992 in view of Mercer et al. (U.S. Pub. 2004/0088228) and further in view of Capazario et al. (U.S. Pub. No. 2003/0154141) and further in view of Rudolph et al. (U.S. Pub. No. 2002/0005774) and further in view of Adams et al. (U.S. Pub. No. 2003/0031819). Claims 53, 54, and 64 have been cancelled. Therefore, it is respectfully submitted that these rejections are moot.

IV.   Claims 65, 66, 68, 70-72, and 77-79

Claims 65, 66, 68, 70-72, and 77-79 are rejected under 35 U.S.C. § 103(a) as being unpatentable over Carmichael, 1992 in view of Mercer et al. (U.S. Pub. No. 2004/0088228) and further in view of Rudolph et al. (U.S. Pub. No. 2002/0005774). It is respectfully submitted that these rejections are moot in view of the amendments to claims 65 and 66.

In particular, with respect to claim 65, claim 65 now recites "evaluating the audit information by a computer programmed to evaluate the audit information to determine if each of the at least one identification tag secured to the asset has been read after requesting the audit information to thereby determine compliance or non-compliance with the agreement. It is respectfully submitted that neither Carmichael, Mercer, or Rudolph, alone or in combination teach such a step. Therefore, it is respectfully submitted that this rejection must be withdrawn. As claims 77-79 depend from claim 65, it is respectfully submitted that these rejections should also be withdrawn.

With respect to claim 66, claim 66 now recites "using a computer programmed to evaluate the audit information to evaluate the audit information and to determine if each of the at least one identification tag has been read after initiating the self-audit to thereby determine compliance or non-compliance with the agreement." It is respectfully submitted that neither Carmichael, Mercer, or Rudolph, alone or in combination teach such a step. Therefore, it is respectfully submitted that this rejection must be withdrawn. As claims 67=72 and 76 depend from claim 66, it is respectfully submitted that these rejections should also be withdrawn.

It is further submitted that the rejections to claims 65, 66, and their dependent claims should be withdrawn as there is not proper motivation to combine Carmichael with Mercer and the Examiner is applying improper hindsight as explained with respect to claim 46.

V.   Claim 67

Claim 67 is rejected under 35 U.S.C. § 103(a) as being unpatentable over Carmichael, 1992 in view of Mercer et al. (U.S. Pub. No. 2004/0088228) and further in view of Rudolph et al. (U.S. Pub. No. 2002/0005774) and furthering view of Tallman et al. (U.S. Pat. No. 5,708,417). Claim 67 depends from claim 66. Carmichael, Mercer, and Rudolph et al. are deficient with respect to claim 66 and Tallman et al. does not remedy these deficiencies. Therefore, this rejection must also be withdrawn.

VI.   Claims 69 and 80

Claims 69 and 80 are rejected under 35 U.S.C. § 103(a) as being unpatentable over Carmichael, 1992 in view of Mercer et al. (U.S. Pub. No. 2004/0088228) and further in view of Rudolph et al. (U.S. Pub. No. 2002/0005774) and further in view of Hull et al. (U.S. Pub. No. 2004/0041707). Claim 69 depends from claim 66 and claim 80 depends from claim 65. The combination of Carmichael and Mercer et al. is deficient for the reasons previously expressed and one skilled in the art would not have been led to combine Carmichael and Mercer et al. in the alleged manner for the reasons previously expressed. Therefore, it is respectfully submitted that these rejections must also be withdrawn.

VII.   Claims 74, 75, 81, and 82

Claims 74, 75, 81 and 82 are rejected under 35 U.S.C. § 103(a) as being unpatentable over Carmichael, 1992 in view of Mercer et al. (U.S. Pub. No. 2004/0088228) and further in view of Rudolph et al. (U.S. Pub. No. 2002/0005774) and further in view of Adams et al. (U.S.

Pub. No. 2003/0031819). Claims 74-74 and 81-82 have been cancelled. Therefore, these rejections are moot.

VIII. Claim 76

Claim 76 is rejected under 35 U.S.C. § 103(a) as being unpatentable over Carmichael, 1992 in view of Mercer et al. (U.S. Pub. No. 2004/0088228) and further in view of Rudolph et al. (U.S. Pub. No. 2002/0005774) and further in view of Katagishi et al. (U.S. Pub. No. 2003/0120745). Claim 76 depends from claim 66. Carmichael and Mercer et al. are deficient for the reasons previously expressed and one skilled in the art would not have been led to combine these references for the reasons previously expressed. Therefore, it is respectfully submitted that these rejections should also be withdrawn.

IX. Claim 84

Claim 84 is rejected under 35 U.S.C. § 103(a) as being unpatentable over Carmichael, 1992 in view of Mercer et al. (U.S. Pub. No. 2004/0088228) and further in view of Capazario et al. (U.S. Pub. No. 2003/0154141) and further in view of Rudolph et al. (U.S. Pub. No. 2002/0005774) and further in view of Katagishi et al. (U.S. Pub. No. 2003/0120745). Claim 84 depends from claim 46. The combination of Carmichael, Mercer et al. and Capazario et al. is deficient for the reasons expressed with respect to claim 46. Moreover, one skilled in the art would not have been led to combine these references in the manner alleged by the Examiner. Therefore, it is respectfully submitted that this rejection should also be withdrawn.
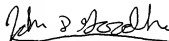
New Claim

Claim 91 is new and is similar in some respects to claim 46 but with additional detail regarding the party performing each step and the evaluation process.

Conclusion

No fees or extensions of time are believed to be due in connection with this amendment; however, consider this a request for any extension inadvertently omitted, and charge any additional fees to Deposit Account No. 26-0084.

Reconsideration and allowance is respectfully requested.

Respectfully submitted,

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